



ARIZONA STATE SENATE
Fiftieth Legislature, Second Regular Session

FACT SHEET FOR H.C.M. 2004

transportation funding; restore to states

Purpose

Urges the federal government to return collected federal gas taxes to the states and allow Arizona to collect and distribute those tax monies in the future.

Background

The federal government first imposed an excise tax on gasoline at a one-cent per gallon rate in 1932. The federal gasoline tax is imposed at the point of production (i.e. the producer, refiner or importer). The federal gasoline tax, however, is often passed on to the retailer.

Gasoline for use on highways is currently taxed by the federal government at 18.4 cents per gallon. Of this 18.4-cents-per-gallon tax, 18.3 cents per gallon is deposited into Highway Trust Fund and 0.1 cents per gallon is allocated to the Leaking Underground Storage Tank Trust Fund. The Highway Revenue Act of 1956 established the federal Highway Trust Fund to fund the construction of an interstate highway system and aid in the finance of primary, secondary, and urban routes. The federal tax on diesel fuel is currently 24.4 cents (*Source: Federal Highway Administration, FHWA*).

According to the FHWA, the majority of the taxes are collected when the product is removed from bulk storage terminals, and the tax is paid by companies to the Internal Revenue Service. Sometimes gas tax revenues remitted to the federal government are more than the individual states receive back in federal highway apportionments and allocations. However, the Transportation Equity Act for the 21st Century (TEA-21), which was passed in 1998, guarantees a minimum 92-percent rate of return back to the states.

Provisions

1. Urges the U.S. Congress to pass legislation that accomplishes the following objectives:
 - a) the immediate return of federal gas tax monies to individual states in order to fund transportation needs; and,
 - b) the cessation of the federal government's collection of gas taxes that are generated in Arizona to allow the state to collect and distribute those tax monies on its own.
2. Requires the Arizona Secretary of State to send copies of the memorial to the President of the U.S. Senate, Speaker of the U.S. House of Representatives, the Secretary of the U.S. Department of Transportation and each member of Arizona's congressional delegation.

House Action

TRANS	2/09/12	DPA	5-2-0-1-0
3 rd Read	2/29/12		39-15-5-0-1

Prepared by Senate Research
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